

# Second-Party Opinion

## FIBRA Macquarie México

### Sustainability-Linked Financing Framework

Second-Party  
Opinion



Reviewed by:

MORNINGSTAR

SUSTAINALYTICS

## Evaluation Summary

Sustainalytics is of the opinion that the FIBRA Macquarie México Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Loan Principles 2023 and the Sustainability-Linked Bond Principles 2023. This assessment is based on the following:

- Selection of Key Performance Indicators** The FIBRA Macquarie México Sustainability-Linked Financing Framework defines one KPI: Percentage of certified industrial portfolio gross leasable area (GLA) over total industrial portfolio GLA (see Table 1). Sustainalytics considers the KPI chosen to be adequate given that it is an indirect measure of FIBRA Macquarie's performance on a relevant and material environmental issue, and it follows a clear and consistent calculation methodology that is widely recognized across the real estate sector.
- Calibration of Sustainability Performance Targets** Sustainalytics considers the SPTs to be aligned with FIBRA Macquarie's sustainability strategy. Sustainalytics further considers the SPTs to be ambitious based on past performance and peer performance.
- Bond and Loan Characteristics** FIBRA Macquarie will link the loan's financial characteristics to the achievement of the annual SPTs, on an annual basis, in the form of an applicable margin increase if the KPI is below the respective annual targets and a decrease in the margin if the KPI is at least equal to the respective annual targets. For the bond, failure to achieve one of the SPTs will result in coupon margin adjustments or a principal repayment by an amount or percentage based on the transactional documentation.
- Reporting** FIBRA Macquarie commits to report on its progress on the KPI in its ESG report or on its website on an annual basis. FIBRA Macquarie commits to disclose relevant information that affects progress on the KPI. The reporting commitments are targeted to be aligned with the Sustainability-Linked Loan Principles and Sustainability-Linked Bond Principles.
- Verification** FIBRA Macquarie commits to have external assurance conducted against the KPI, the annual SPTs on a yearly basis in its ESG report or on its website, which is aligned with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles.

<b>Evaluation Date</b>	December 22, 2023 <sup>1</sup>
<b>Issuer Location</b>	Mexico City, Mexico

The SPTs contribute to the following SDGs:



<sup>1</sup> This document updates the Second-Party Opinion originally provided by Sustainalytics in August 2023.

## Overview of KPIs and SPTs

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
Percentage of certified industrial GLA over total industrial portfolio GLA	2021	Adequate	SPT 1: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 29.5% by 2022	Ambitious
			SPT 2: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 35% by 2023	Ambitious
			SPT 3: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 38.3% by 2024	Ambitious
			SPT 4: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 41.7% by 2025	Ambitious
			SPT 5: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 45% by 2026	Ambitious
			SPT 6: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 48.3% by 2027	Ambitious
			SPT 7: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 51.7% by 2028	Ambitious
			SPT 8: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 55% by 2029	Ambitious
			SPT 9: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 58.3% by 2030	Ambitious
			SPT 10: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 61.7% by 2031	Ambitious
			SPT 11: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 65% by 2032	Ambitious
			SPT 12: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 68.3% by 2033	Ambitious
			SPT 13: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 71.7% by 2034	Ambitious
			SPT 14: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial portfolio GLA to 75% by 2035	Ambitious

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## Scope of Work and Limitations

FIBRA Macquarie has engaged Sustainalytics to review the FIBRA Macquarie México Sustainability-Linked Financing Framework dated November 2023 (the “Framework”) and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2023 (SLBP)<sup>2</sup> and Sustainability-Linked Loan Principles 2023 (SLLP).<sup>3</sup>

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the Framework with the SLBP, as administered by the International Capital Market Association (ICMA) and the SLLP as administered by Asia Pacific Loan Markets Association (APLMA), Loan Markets Association (LMA) and Loan Syndications and Trading Association (LSTA).

As part of this engagement, Sustainalytics exchanged information with various members of FIBRA Macquarie’s management team to understand the sustainability impact of their business processes and SPTs, as well as the reporting and verification processes of aspects of the Framework. FIBRA Macquarie’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of the issuer to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and FIBRA Macquarie. Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure KPI performance.<sup>5</sup> The measurement and reporting of the KPIs is the responsibility of the issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that FIBRA Macquarie has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the Framework until one of the following occurs:

- (1) A material change to the external benchmarks<sup>6</sup> against which targets were set;
- (2) A material corporate action (such as a material M&A or change in business activity) that has a bearing on the achievement of the SPTs or the materiality of the KPIs.

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<sup>2</sup>The Sustainability-Linked Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

<sup>3</sup>The Sustainability-Linked Loan Principles (SLLP) were jointly launched by the LSTA, APLMA and LMA in March 2019 and subsequently amended in 2021, 2022 and 2023. They are administered by the LSTA and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

<sup>4</sup>When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

<sup>5</sup>Sustainalytics has provided an opinion based on the understanding that the financial characteristics of instruments issued under the Framework will be tied to the achievement of SPTs corresponding to each of the KPIs included in the Framework.

<sup>6</sup>Benchmarks refer to science-based benchmarks.

## Introduction

FIBRA Macquarie (the “Trust”) is a Mexican real estate investment trust (REIT) engaged in the acquisition, ownership and leasing of real estate properties in Mexico. The Trust’s real estate portfolio primarily comprises industrial and retail properties. Industrial buildings represent the vast majority of FIBRA Macquarie’s total number of properties, total square footage and total revenue. The majority of these industrial properties are used by its tenants as light manufacturing facilities and are located in Mexico’s northern industrial markets. FIBRA Macquarie derives nearly all of its revenue in the form of rental income from tenants, and the Trust’s major customers are participants in the automotive parts, electronics, medical devices, consumer products and logistics sectors.

FIBRA Macquarie intends to issue or obtain sustainability-linked loans,<sup>7</sup> bonds, derivatives, deposits and other financial instruments (together referred to as the “Sustainability-Linked Instruments” or the “SLI”) where the applicable margin under the relevant loan agreement is tied to the achievement of the sustainability performance target for the KPI: Percentage of certified industrial portfolio gross leasable area (GLA) over total industrial portfolio GLA.

The Trust has engaged Sustainalytics to review the Framework and provide an opinion on its alignment with the Sustainability-Linked Loan Principles 2023 (SLLP) and Sustainability-Linked Bond Principles 2023 (SLBP). The Framework will be published in a separate document.<sup>8</sup> Sustainalytics has reviewed the Framework’s alignment with ICMA’s SLBP and LMA’s SLLP only in the context of FIBRA Macquarie issuing bonds or obtaining loans. The considerations for other financial instruments noted in the Framework, including derivatives and deposits, may be different and outside of the scope of Sustainalytics’ Second-Party Opinion. FIBRA Macquarie has confirmed to Sustainalytics that all financial instruments issued or obtained under the Framework will have maturity period of at least one year, where the SPTs will be linearly regressed down to the relevant maturity for short-term instruments. The KPI and SPTs used by FIBRA Macquarie are defined in Tables 1 and 2 below.

**Table 1: KPI Definitions**

KPI	Definition
Percentage of certified industrial GLA over total industrial portfolio GLA	The KPI represents the share of the industrial portfolio GLA (where GLA is measured in square feet) certified by green buildings certifications, such as Leadership in Energy and Environmental Design (LEED) issued by the US Green Building Council, Excellence in Design for Greater Efficiencies (EDGE) created by the International Finance Corporation or BOMA Best administered by the Building Owners and Managers Association (BOMA) of Canada, against FIBRA Macquarie’s total industrial portfolio GLA.

**Table 2: SPTs and Past Performance**

KPI	Percentage of certified industrial GLA over total industrial portfolio GLA
2019	Nil
2020	1.40%
2021 (baseline)	6.30%
2022	29.50%
2023	35.00%
2024	38.30%
2025	41.70%
2026	45.00%
2027	48.30%
2028	51.70%
2029	55.00%
2030	58.30%

<sup>7</sup> FIBRA Macquarie has communicated to Sustainalytics that it may obtain revolving credit under the Framework and that such facilities will remain active at least until the nearest observation year, ensuring that achievement of the respective SPT has a bearing on the financial characteristics of the facility.

<sup>8</sup> The FIBRA Macquarie Sustainability-Linked Financing Framework is available on FIBRA Macquarie’s website at: <https://www.fibramacquarie.com/en/corporate-responsibility.html>

<b>2031</b>	61.70%
<b>2032</b>	65.00%
<b>2033</b>	68.30%
<b>2034</b>	71.70%
<b>SPT 2035</b>	Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial portfolio GLA to 75% by 2035 from a 2021 baseline

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Alignment of the FIBRA Macquarie México Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles

Sustainalytics is of the opinion that the FIBRA Macquarie México Sustainability-Linked Financing Framework aligns with the five core components of the SLBP and the SLLP.



#### Selection of Key Performance Indicators

##### Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the Trust's business on environmental or social issues; and ii) to what portion of impact the KPI is applicable.

KPI: Percentage of certified industrial portfolio GLA over total industrial portfolio GLA

Sustainalytics considers the KPI to be material and relevant given that industrial portfolio real estate assets have a significant impact on environmental sustainability. Real estate assets utilize substantial amounts of energy, largely for space heating, ventilation, air conditioning, water heating, lighting and equipment and appliance use.<sup>9</sup> Additionally, the Sustainability Accounting Standards Board (SASB) identifies Energy Management as a material issue for Real Estate Owners, Developers and Investment Trusts and, therefore, a relevant topic to track and disclose.<sup>10</sup> In its 2021 ESG Report,<sup>11</sup> FIBRA Macquarie disclosed its action plan that highlights obtaining green buildings certifications as one of the priorities to improve the environmental performance of its industrial buildings portfolio.

As of December 2022, FIBRA Macquarie's industrial GLA represented 89.6% of the total GLA of its portfolio (both retail and industrial).<sup>12,13</sup> Sustainalytics views it as fundamental for REITs to improve on the sustainability of the built environment. However, Sustainalytics notes that the KPI applies to the built environment but not to the operations and activities occurring in those industrial buildings. Sustainalytics further acknowledges that the KPI does not cover the sustainability performance of the operations taking place in the Trust's industrial buildings, and hence, the KPI boundary may not entirely capture the energy and carbon performance of the buildings. Nonetheless, FIBRA Macquarie has confirmed that for the most part, the activities in its industrial buildings are not in hard-to-abate sectors, such as steel, chemicals, cement, aluminium and other such sectors. Sustainalytics recommends FIBRA Macquarie, where feasible, to disclose to lenders on the KPI's impact for its total portfolio,

<sup>9</sup> SASB, "Real Estate Owners, Developers & Investment Trusts", (2016), at: [https://www.sasb.org/wp-content/uploads/2016/03/IF0402\\_REOD\\_IT\\_Standard.pdf](https://www.sasb.org/wp-content/uploads/2016/03/IF0402_REOD_IT_Standard.pdf)

<sup>10</sup> Ibid.

<sup>11</sup> FIBRA Macquarie, "2021 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2022/fibra-mq-mx-2021-esg-291222.pdf>

<sup>12</sup> FIBRA Macquarie, "Annual Report 2022", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2022/fibra-mq-mx-2022-annual-report-eng.pdf>

<sup>13</sup> As of 30 September 2023, FIBRA Macquarie's industrial GLA represented 87% of the total GLA of its portfolio.

including the operations taking place in the buildings, for example, estimated energy savings as a proportion of the total energy consumption of the built environment.

Based on the above, Sustainalytics considers the KPI to be material and sufficient in scope.

**KPI Characteristics**

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used; ii) whether the Trust follows an externally recognized definition; iii) whether the KPIs are a direct measure of the performance of the Trust on a material environmental or social issue; and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.<sup>14</sup>

KPI: Percentage of certified industrial portfolio GLA over total industrial portfolio

Sustainalytics considers FIBRA Macquarie’s definition and methodology to calculate progress on the KPI to be clear and consistent based on externally recognized certifications that follow a consistent methodology.

Sustainalytics considers the KPI to be indirectly linked to the sustainability performance of FIBRA Macquarie, given that the KPI measures the industrial portfolio’s sustainability performance against multiple green buildings certification schemes such as LEED, EDGE and BOMA Best. These schemes are indirect indicators of energy and water use and the environmental (GHG emissions) performance of buildings. FIBRA Macquarie has confirmed to Sustainalytics that it intends to adhere to the following green buildings certification eligibility criteria: i) minimum LEED Gold; ii) EDGE certified or EDGE Advanced where feasible; or iii) BOMA Best Gold. Sustainalytics views the green buildings certification schemes to be credible and aligned with market practice.

Sustainalytics also notes that the KPI follows a methodology widely recognized across the real estate leasing sector, using GLA to measure the area of both certified and non-certified industrial buildings. Nonetheless, the KPI does not lend itself well to be benchmarked based on the certification schemes and levels and the lack of sufficient information to determine alignment with the targets of the Paris Agreement.

**Overall Assessment**

Sustainalytics overall considers the KPI to be adequate given that: i) it is an indirect measure of FIBRA Macquarie’s performance on a relevant and material environmental issue, applicable to the majority of its portfolio; ii) it follows a clear and consistent calculation methodology that is widely recognized across the real estate sector; and iii) it is not benchmarkable.

KPI(s)	Strength of KPI(s)			
Percentage of certified industrial portfolio GLA over total industrial portfolio GLA	Not Aligned	Adequate	Strong	Very strong



**Calibration of Sustainability Performance Targets**

FIBRA Macquarie has set the following SPTs for its KPI:

- SPT 1: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 29.5% by 2022
- SPT 2: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 35% by 2023
- SPT 3: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 38.3% by 2024
- SPT 4: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 41.7% by 2025
- SPT 5: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 45% by 2026
- SPT 6: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 48.3% by 2027

<sup>14</sup> External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

- SPT 7: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 51.7% by 2028
- SPT 8: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 55% by 2029
- SPT 9: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 58.3% by 2030
- SPT 10: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 61.7% by 2031
- SPT 11: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 65% by 2032
- SPT 12: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 68.3% by 2033
- SPT 13: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 71.7% by 2034
- SPT 14: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial portfolio GLA to 75% by 2035

#### **Alignment with Issuer's Sustainability Strategy**

Sustainalytics considers the SPTs to be aligned with FIBRA Macquarie's sustainability strategy.

FIBRA Macquarie has developed an environmental management system based on its Plan-Do-Check-Act strategy, in line with ISO 14001, which helps maximize positive impacts on the environment and improves performance against key metrics.<sup>15</sup> In line with these actions, the Trust has set a target of net zero scope 1 and 2 absolute emissions by 2040.<sup>16</sup>

The Trust intends to improve its sustainability performance and increase the number of its properties possessing green buildings certifications and has identified five focus areas: i) improve data coverage; ii) reduce resource consumption; iii) evaluate climate-related risks and opportunities; iv) provide ESG disclosures; and v) pursue green buildings and green lease certifications.<sup>17</sup> FIBRA Macquarie has communicated to Sustainalytics that, as of December 2022, 29.48% of its industrial portfolio GLA is certified with the LEED Gold or above and EDGE schemes.<sup>18</sup>

In terms of environmental performance, the Trust is committed to reducing energy and water use and GHG emissions. In the FY2022 reporting period, the Trust reduced 2.0% of its GHG emissions and its water consumption by 3.3%.<sup>19</sup> Additionally, FIBRA Macquarie commits to integrating the TCFD recommendations in its investment strategy.<sup>20</sup>

#### **Strategy to Achieve the SPTs**

FIBRA intends to achieve the SPTs through the following strategy:

- The Trust intends to install retrofits and energy and water efficiency technologies as required to ensure EDGE certifications for its existing industrial portfolio properties.
- FIBRA Macquarie is undertaking a property-by-property analysis for its existing buildings to identify gaps to meet EDGE performance targets. This would include a technical assessment of required efficiencies, such as lighting retrofits and water-saving devices, along with financial quantification and actual upgrades for each targeted property to meet the certification scheme's independent audit requirements.
- For all its industrial properties added to the GLA via greenfield development, FIBRA Macquarie intends to achieve LEED certification.

<sup>15</sup> FIBRA Macquarie, "2021 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2022/fibra-mq-mx-2021-esg-291222.pdf>

<sup>16</sup> Ibid.

<sup>17</sup> FIBRA Macquarie, "2021 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2022/fibra-mq-mx-2021-esg-291222.pdf>

<sup>18</sup> Sustainalytics, "FIBRA Macquarie Mexico Sustainability Linked Loan Annual Review", (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/fibra-macquarie-mexico-sustainability-linked-loan-annual-review-2023.pdf?sfvrsn=1957fb67\\_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/fibra-macquarie-mexico-sustainability-linked-loan-annual-review-2023.pdf?sfvrsn=1957fb67_1)

<sup>19</sup> FIBRA Macquarie, "2022 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2023/fibra-mq-mx-2022-esg-report.pdf>

<sup>20</sup> Ibid.

### Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond a business-as-usual trajectory; ii) how the SPTs compare to targets set by peers; and iii) how the SPTs compare with science.<sup>21</sup>

SPTs: Increase the percentage of the certified industrial portfolio GLA over the total industrial portfolio GLA to 75% by 2035 from a 2021 baseline

Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer performance. Sustainalytics was unable to assess the SPT’s ambition against science-based targets because LEED and EDGE certifications rate the energy consumption of a building against a set of benchmarks as opposed to the actual GHG emissions of the building portfolio.

FIBRA Macquarie increased the share of its certified industrial portfolio GLA by an average of 3.1 percentage points between 2019 and 2021. To achieve the final SPT by 2035, the Trust will need to increase the average percentage points by 4.9 annually between 2021 and 2035. Sustainalytics also views the annual targets set from 2023 to 2034 as integral parts of its strategy to achieve the 2035 target. Sustainalytics notes that the 2035 SPT represents an improvement over FIBRA Macquarie’s historical share of the certified industrial portfolio GLA against its total industrial portfolio GLA.

Based on an analysis of FIBRA Macquarie’s peer group, including listed Mexican REITs and real estate corporations, Sustainalytics considers that the 2035 SPT is above the targets set by most of FIBRA Macquarie’s peers to increase the share of the certified industrial portfolio GLA.

### Overall Assessment

Sustainalytics considers the SPTs to align with FIBRA Macquarie’s sustainability strategy and considers them to be ambitious given that it represents an improvement compared to past performance and is above the targets set by FIBRA Macquarie’s industry peers.

SPT	Ambitiousness of SPT			
SPT 1: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 29.5% by 2022	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 35% by 2023	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 38.3% by 2024	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 4: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 41.7% by 2025	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 5: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 45% by 2026	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 6: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 48.3% by 2027	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 7: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 51.7% by 2028	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 8: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 55% by 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 9: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 58.3% by 2030	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 10: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 61.7% by 2031	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 11: Increase the percentage of the certified industrial portfolio GLA (in square	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious

<sup>21</sup> We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

feet) over the total industrial GLA to 65% by 2032				
SPT 12: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 68.3% by 2033	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 13: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 71.7% by 2034	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 14: Increase the percentage of the certified industrial portfolio GLA to 75% by 2035	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



### Bond and Loan Characteristics

FIBRA Macquarie has disclosed that the financial characteristics of the sustainability-linked loan will be tied to the achievement of the annual SPTs, on a yearly basis, in the form of an increase in the applicable margin if the progress on the KPI is below the respective annual targets and a decrease in the margin if the KPI progress is at least equal to the respective annual targets. For the sustainability-linked bond, the financial characteristics will be adjusted if the Trust has not achieved an annual SPT at the relevant observation date. Failure to achieve one of the SPTs will result in coupon margin adjustments or principal repayment by an amount or percentage based on the transactional documentation. If the Trust issues a relevant verification assurance certificate, achieves SPTs and conducts reporting in accordance with the Framework, the financial characteristics will remain as defined in transactional documentation. The specific details on the financial mechanism for the financial instrument will be specified in the transactional documentation. Sustainalytics considers these levels of disclosure to be aligned with the SLLP and SLBP.



### Reporting

FIBRA Macquarie commits to report on the progress on the KPI on an annual basis and expects to include the relevant figures in its ESG report or on its website. The report will also include a verification assurance report outlining the performance against SPTs; the related impact and its timing; the impact on the instrument's characteristics as applicable; and other information enabling investors and financial institutions to monitor the level of ambition or progress on the SPTs. Based on the feasibility, FIBRA Macquarie may also disclose explanations on the contribution of main factors to the evolution of KPIs, positive sustainability impacts of the performance improvement, and reassessments of KPIs, restatements of SPTs or readjustments to the baseline. The Trust may voluntarily disclose additional information related to the use of proceeds, such as allocation and eligibility criteria. These commitments are aligned with the SLLP and SLBP.



### Verification

FIBRA Macquarie commits to have an external verifier provide assurance<sup>22</sup> against the KPI in its ESG report or on its website, the annual SPTs at least once a year, which is aligned with the SLLP and SLBP on verification.

<sup>22</sup> The Trust has communicated to Sustainalytics that it will seek limited assurance for the achievement of the SPT(s).

## Section 2: Assessment of FIBRA Macquarie's Sustainability Strategy

### Credibility of FIBRA Macquarie's Sustainability Strategy

FIBRA Macquarie has established a sustainability strategy that is centred on integrating climate change mitigation and adaptation initiatives into its business operations. The Trust has identified four priority areas based on its analysis of material ESG issues, which include: i) addressing physical risks of climate change by integrating eco-efficiency and sustainable elements into building design; ii) improving water efficiency and incorporating wastewater recycling in buildings; iii) taking collaborative initiatives with clients to improve the environmental performance of their operations; and iv) implementing a work health and safety framework.<sup>23</sup>

As part of its sustainability strategy, FIBRA Macquarie has set short-, medium- and long-term goals to address climate impact. FIBRA Macquarie's short-term goals include establishing more robust risk assessment and mitigation processes in alignment with the TCFD's recommendations and identifying assets for improved energy performance. For the medium term, the Trust is focused on improving the eco-efficiency of its buildings portfolio by achieving green buildings certifications (LEED, BOMA and EDGE) for all assets and increasing the deployment of on-site solar and off-site renewable energy. Finally, FIBRA Macquarie's long-term goals include achieving net zero GHG emissions by 2040, in line with efforts to limit global warming to 1.5°C.<sup>24</sup> Under its net zero commitment, FIBRA Macquarie will prioritize the reduction of scope 1 and 2 emissions to achieve net zero and intends to take actions to reduce the scope 3 emissions from tenant-related energy consumption, emissions from purchasing activities and embodied carbon in construction.<sup>25</sup>

To achieve its sustainability goals, FIBRA Macquarie has implemented an energy management system that is certified to ISO 14001:2015<sup>26</sup> for higher energy efficiency and reduced energy-related emissions.<sup>27</sup> As of 2022, FIBRA Macquarie's sustainability initiatives have led to the achievement of green certifications for 31% of its consolidated buildings portfolio, along with energy efficiency improvements through the installation of efficient lighting across 99.2% of industrial buildings, and increased water efficiency via the installation of high-efficiency fixtures and low-water landscaping in 57.6% and 38.3% of the buildings in its portfolio, respectively.<sup>28</sup>

Sustainalytics considers FIBRA Macquarie to have a strong sustainability strategy and considers that the Sustainability-Linked Instruments will further support FIBRA Macquarie's sustainability strategy.

### FIBRA Macquarie's Environmental and Social Risk Management

Overall, Sustainalytics notes that the ESG risk management of FIBRA Macquarie is considered average. Sustainalytics also acknowledges that while FIBRA Macquarie's defined targets are impactful, achieving the SPTs may bear environmental and social risks related to ESG Integration – Financials,<sup>29</sup> Human Capital,<sup>30</sup> Business Ethics, Bribery and Corruption, and Product Governance.

- Regarding risks pertaining to ESG Integration – Financials, FIBRA Macquarie conducts environmental and social risk assessments at a property level across its portfolio to identify and address climate-related risks.<sup>31</sup> The Trust also participates in the Global Real Estate Sustainability Benchmark,<sup>32</sup> a global benchmarking system that helps assess the ESG performance of real estate companies and their properties.<sup>33</sup> Finally, FIBRA Macquarie also aligns its ESG reporting with the disclosure standards of the Global Reporting Initiative,<sup>34</sup> SASB<sup>35</sup> and the TCFD recommendations.<sup>36,37</sup>

<sup>23</sup> FIBRA Macquarie, "2022 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2023/fibra-mq-mx-2022-esg-report.pdf>

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> ISO, "ISO 14001:2015 – Environmental management systems", at: <https://www.iso.org/standard/60857.html>

<sup>27</sup> FIBRA Macquarie, "2022 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2023/fibra-mq-mx-2022-esg-report.pdf>

<sup>28</sup> Ibid.

<sup>29</sup> Includes all ESG integration activities that are either driven by financial downside risk considerations or by business opportunities according to the definition in Sustainalytics' ESG Risk Rating.

<sup>30</sup> The management of risks related to the scarcity of skilled labour and labour relations, such as non-discrimination, working hours and minimum wages, according to the definition in Sustainalytics' ESG Risk Rating.

<sup>31</sup> FIBRA Macquarie, "2022 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2023/fibra-mq-mx-2022-esg-report.pdf>

<sup>32</sup> GRESB, "About GRESB", at: <https://www.gresb.com/nl-en/about-us/>

<sup>33</sup> FIBRA Macquarie, "Corporate Responsibility", at: <https://www.fibramacquarie.com/en/corporate-responsibility.html>

<sup>34</sup> GRI, "About GRI", at: <https://www.globalreporting.org/about-gri/>

<sup>35</sup> SASB, "About us", at: <https://sasb.org/about/>

<sup>36</sup> TCFD, "About", at: <https://www.fsb-tcf.org/about/>

<sup>37</sup> FIBRA Macquarie, "2022 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2023/fibra-mq-mx-2022-esg-report.pdf>

- FIBRA Macquarie incorporates labour and human rights considerations into its operations by adopting fundamental principles, such as those set out by the United Nations Universal Declaration of Human Rights. The Trust has also established a Suppliers Code of Conduct and Principles for Suppliers, under which it requires its suppliers and contractors to ensure compliance with standards and regulations related to worker health and human rights.<sup>38</sup>
- To address Business Ethics and Bribery and Corruption risks, FIBRA Macquarie has established a Code of Conduct,<sup>39</sup> which mandates ethical behaviour with regard to fair dealing and conflicts of interest and compliance with internal policies related to anti-money-laundering and anti-corruption. The Trust's ethics and anti-corruption programme is overseen by its Ethics and Corporate Governance Committee, which includes C-suite executives. FIBRA Macquarie also conducts risk assessments to identify and address gaps through its Internal Audit Team and arranges training programmes for employees to prevent unethical behaviour.<sup>40</sup>
- To address Product Governance risks, FIBRA Macquarie focuses on establishing a collaborative landlord-customer relationship through customer outreach programmes, internal property administration, sustainability training for property managers and maintenance of healthy building amenities.<sup>41</sup> FIBRA Macquarie also conducts independent biannual surveys to evaluate and track its tenant or customer satisfaction.<sup>42</sup> Furthermore, the Trust has established Environmental and Sustainability Guidelines, which lay out requirements for the design, construction and renovation of its properties to ensure that appropriate measures and amenities are incorporated for the well-being of tenants, such as indoor air and water quality assessments, natural lighting and recreational areas in the buildings.<sup>43</sup>

In addition to the above, Sustainalytics notes that it has not found evidence of major environmental or social controversies related to FIBRA Macquarie. Overall, Sustainalytics considers that FIBRA Macquarie has adequate management programmes and policies to mitigate risks that could affect the achievement of the SPTs.

## Section 3: Impact of the SPTs

### Importance of promoting energy efficiency in Mexico

In 2021, direct and indirect emissions from buildings, including those from heating and electricity consumption, contributed nearly 14% of the total CO<sub>2</sub> emissions in Mexico.<sup>44</sup> As the second largest economy in Latin America, Mexico expects an average annual growth of 2.8% in its construction sector between 2023 and 2032, primarily in general construction, housing and green buildings.<sup>45</sup> However, only 9% of new construction in Mexico is expected to be green buildings by 2025.<sup>46</sup>

In 2022, Mexico updated its Nationally Determined Contribution to the Paris Agreement and increased its emissions reduction target from 22% to 35%, to be achieved by 2030.<sup>47</sup> To tackle emissions from the built environment, the Mexican Ministry of Energy and the National Commission for the Efficient Use of Energy have developed a roadmap for building energy codes and standards.<sup>48</sup> As part of the roadmap, the country expects to reduce electricity consumption by 53.4% and 78.7% in the residential and commercial buildings sectors, respectively, by 2050.<sup>49</sup> Mexico has also established building energy norms and an energy code to mandate energy-efficient construction practices.<sup>50</sup> Other government efforts include the adoption of the National Model Energy Conservation Code, which sets mandatory and voluntary energy efficiency standards related to buildings, including the design, building envelope, thermal insulation, mechanical and lighting systems and water heating.<sup>51</sup> The Government of Mexico has also

<sup>38</sup> Ibid.

<sup>39</sup> FIBRA Macquarie, "Code of Conduct", at: <https://www.fibramacquarie.com/assets/fibra/docs/FIBRAMQ%20-%20Code%20of%20Conduct.pdf>

<sup>40</sup> FIBRA Macquarie, "Corporate Responsibility", at: <https://www.fibramacquarie.com/en/corporate-responsibility.html>

<sup>41</sup> FIBRA Macquarie, "2022 ESG Report", at: <https://www.fibramacquarie.com/assets/fibra/docs/events-and-presentations/2023/fibra-mq-mx-2022-esg-report.pdf>

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Climate Transparency, "Mexico – Climate Transparency Report: Comparing G20 Climate Action", (2022), at: <https://www.iniciativaclimatica.org/wp-content/uploads/2023/01/CT2022-Mexico-Web.pdf>

<sup>45</sup> US International Trade Administration, "Mexico – Country Commercial Guide", (2023), at: <https://www.trade.gov/country-commercial-guides/mexico-construction>

<sup>46</sup> Mackres, E. et al. (2020), "Will Mexico Rise to the Zero-carbon Buildings Challenge?", World Resources Institute, at: <https://www.wri.org/blog/2020/02/zero-carbon-buildings-mexico>

<sup>47</sup> United Nations Development Programme, "Mexico", at: <https://climatepromise.undp.org/what-we-do/where-we-work/mexico>

<sup>48</sup> IEA, "Roadmap for Building Energy Codes and Standards for Mexico", (2017), at: <https://www.iea.org/policies/2474-roadmap-for-building-energy-codes-and-standards-for-mexico>

<sup>49</sup> Ibid.

<sup>50</sup> Mackres, E. et al. (2020), "Will Mexico Rise to the Zero-carbon Buildings Challenge?", World Resources Institute, at: <https://www.wri.org/blog/2020/02/zero-carbon-buildings-mexico>

<sup>51</sup> IEA, "Building Energy Conservation Code", (2019), at: <https://www.iea.org/policies/2473-building-energy-conservation-code>

launched programmes that provide incentives for low-emissions construction, such as the green mortgage programme and the EcoCasa programme.<sup>52</sup>

In the same vein, local governments and the private sector have also taken actions. Yucatan state became the first jurisdiction in Mexico to sign on to the Net Zero Carbon Buildings Commitment, aiming to reach zero emissions in its buildings portfolio by 2030 and zero emissions from all state buildings by 2050.<sup>53</sup> The Government of Mexico City created the Certification Program for Sustainable Buildings (*Programa de Certificación de Edificaciones Sustentables*) in 2008 to promote eco-friendly building construction, refurbishments and remodelling, and the establishment of a standard by which commercial and residential buildings can be graded.<sup>54</sup> In the private sector, the EDGE certification system, which many developers in Mexico have adopted, announced EDGE Zero Carbon in September 2019, which has enabled buildings to be certified as Zero Carbon Buildings at a marginal additional cost.<sup>55</sup>

Based on the above, Sustainalytics is of the opinion that FIBRA Macquarie’s efforts to increase the share of certified green building assets are expected to positively contribute to reducing the environmental footprint of buildings in Mexico and support the achievement of Mexico’s emissions reduction commitments more broadly.

### Contribution to SDGs

The Sustainable Development Goals were adopted by the United Nations General Assembly in September 2015 and form part of an agenda for achieving sustainable development by 2030. The sustainability-linked bonds and loans issued under the Framework are expected to help advance the following SDGs and targets:

KPI	SDG	SDG Target
Percentage of certified industrial portfolio GLA over total industrial portfolio GLA	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

## Conclusion

FIBRA Macquarie intends to obtain sustainability-linked loans, bonds, derivatives, deposits and other financial instruments tying the financial characteristics to the achievement of the annual SPTs:

- SPT 1: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 29.5% by 2022
- SPT 2: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 35% by 2023
- SPT 3: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 38.3% by 2024
- SPT 4: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 41.7% by 2025
- SPT 5: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 45% by 2026
- SPT 6: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 48.3% by 2027
- SPT 7: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 51.7% by 2028

<sup>52</sup> Mackres, E. et al. (2020), “Will Mexico Rise to the Zero-carbon Buildings Challenge?”, World Resources Institute, at: <https://www.wri.org/blog/2020/02/zero-carbon-buildings-mexico>

<sup>53</sup> Ibid.

<sup>54</sup> Baker McKenzie, “Global Sustainable Buildings Index – Mexico: Green Certification”, at: <https://resourcehub.bakermckenzie.com/en/resources/global-sustainable-buildings-index/latin-america/mexico/topics/green-certification>

<sup>55</sup> Mackres, E. et al. (2020), “Will Mexico Rise to the Zero-carbon Buildings Challenge?”, World Resources Institute, at: <https://www.wri.org/blog/2020/02/zero-carbon-buildings-mexico>

- SPT 8: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 55% by 2029
- SPT 9: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 58.3% by 2030
- SPT 10: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 61.7% by 2031
- SPT 11: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 65% by 2032
- SPT 12: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 68.3% by 2033
- SPT 13: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial GLA to 71.7% by 2034
- SPT 14: Increase the percentage of the certified industrial portfolio GLA (in square feet) over the total industrial portfolio GLA to 75% by 2035

Sustainalytics considers the KPI chosen to be adequate given that it is an indirect measure of FIBRA Macquarie's performance on a relevant and material environmental issue and follows a clear and consistent calculation methodology that is widely recognized across the real estate sector. Sustainalytics also considers the SPTs to be ambitious based on past performance and peer performance. Furthermore, Sustainalytics considers the reporting and verification commitments for loans and bonds to be aligned with the SLLP and SLBP.

Based on the above, Sustainalytics considers the FIBRA Macquarie México Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Loan Principles 2023 and Sustainability-Linked Bond Principles 2023 and the prospective achievement of the SPTs to be impactful.

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